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MEMORANDUM FOR THE DIRECTOR

SUBJECT: SE-27, "Probable Effects of Various Possible Courses of Action with Respect to Communist China."

1. Attached is a copy of SE-27, which will be discussed at the IAC meeting on Thursday, 29 May. You may recall that this paper originated as SIR-3, "Embargo and Blockade against Communist China," and was requested by the JCS. The paper was delayed pending the results of [] fact-finding study upon which rests the analysis dealing with recent Chinese Communist trade.

2. All the IAC agencies were in general agreement with the conclusions and discussion of this paper. However, there are a few points which the agencies may bring up at the meetings

a. Paragraph 32; footnote to sentence 1, p. 26. ONI may wish to strike all but the first sentence of this footnote on the grounds that the subject discussed is operational rather than intelligence. It is the position of ONI that this material, which was supplied by the JCS, at our request, provides useful background to the reader and makes the discussion of the blockade more meaningful.

b. Paragraph 47, p. 40. In connection with the analysis of Communist reaction to a naval blockade and bombardment of lines of communication, OIR may raise the point that such action on the part of the West would cause the Communists to re-appraise the situation in the Far East (and possibly the world situation), and might lead to major shifts in Communist policy. It is the position of ONI and most of the IAC representatives that such a re-appraisal by the Communist could be taken for granted, and that the discussion in Paragraph 48, particularly the next to last sentence, implies the thought that OIR has in mind.

c. Paragraph 48, p. 41. ONI and A-2 may advance the idea, in connection with Communist reaction to a naval blockade and a bombardment of lines of communication, that regardless of the extent of expanded warfare the Communists would seek at every stage to keep open the opportunity for concluding hostilities by negotiation. It is the view of ONI that even though this thought was injected in a similar connection in SE-20, it implies that Communist behavior is extremely mechanistic, and tends to overlook the grave danger that events might develop beyond the point where the Communists would still be able to negotiate. The consultants took this position very strongly at our latest meeting at Princeton.

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3. Data on the port capacities of Dairen and Port Arthur (paragraph 39, p. 31) may be modified at the IAC meeting by the ONI, after further checking by ONI technical analysts. Although efforts will be made to make any necessary changes in advance of Thursday's meeting, it is possible that ONI will not have them ready until the meeting.

[Redacted]
Deputy Assistant Director
National Estimates

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